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Labour Market Information Monthly

January 2011 Edition *Issue 1Volume 8*

Why has the gender wage gap narrowed? *

During the past two decades [1988 – 2008], the gap in average hourly wages between men and women has narrowed steadily. In 1988, women earned 75.7 cents in wages for every $1 earned by men. By, 2008, they were earning 83.3 cents on the dollar.

The wage gap converged in all age groups during this period, although older workers experienced the largest change. The gap among workers age 25 to 29 narrowed by 5.6 percentage points, while among older workers age 50 to 54, it converged by 16.2 percentage points.

A key factor in the convergence was that the growth in relative wages of women outpaced the gains of men. On average, real wages for women increased by 11.6% between 1988 and 2008. While growth occurred in all age and wage groups, the most dramatic improvement was among women age 45 to 49 (+17.8%) and those at the higher end of the wage distribution (+16.0%).

This Month

- Why has the gender wage gap narrowed?
- Key Labour Force Statistics
- The Industry Report

The situation among men was quite different. Overall, the real wages of men edged up by 1.3% between 1988 and 2008. However, changes were not consistent across age and wage groups. On average, men age 35 and over and those at the lower end of the wage distribution saw their real wages decline between 1988 and 2008.

This suggests that the changing composition of the labour force and changes in how the labour market compensates workers played a role in reducing the pay gap between men and women. In fact, compositional changes accounted for roughly two-thirds of the narrowing of the wage gap. For example, older men were less likely to hold management jobs in 2008 than their counterparts in 1988. Also, younger women were more likely to hold a university degree in 2008, and they were moving from low-paying clerical and sales jobs into higher-paying occupations in health and education.

Such compositional changes mean that men and women entering today's labour market are more alike in terms of characteristics and wages than they were in the past. So as younger cohorts replace older ones, the overall gap declines simply because the difference in wages is smaller in new cohorts than in those that preceded them.

This "cohort replacement" effect was strongest among younger cohorts prior to 1998 but continued throughout the period for women 40 and over.

While the wage gap increased with age, this correlation became smaller in each successive year. In 1988, the gender wage gap was 20.1 percentage points smaller among workers age 25 to 29 than among those age 50 to 54. By 2008, the difference between these groups had narrowed to 9.4 percentage points.

** Statistics Canada, The Daily, December 20, 2010.*

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The study also observed that, for some cohorts, the gender wage gap remained stagnant as they aged. For example, among workers age 30 to 34, the gender wage gap was 20.6 percentage points in 1988 and 19.3 points in 2008. For other cohorts, changes over time showed no clear pattern.

Note: The article "Why has the gender wage gap narrowed?" is based on the Labour Market Activity Survey, the Survey of Labour and Income Dynamics and the Labour Force Survey. It analyses the narrowing of the wage gap according to the changing characteristics of men and women in paid work, the changes in pay received for those characteristics, and the extent to which who works in each period affects the results.

The wage gap is calculated on an hourly wage basis, which differs from measures of the earnings gap based on full-time, full-year workers. The wage gap is smaller since full-time, full-year men work, on average, more hours than full-time, full-year women.

The article "Why has the gender wage gap narrowed?" is now available in the online edition of Perspectives on Labour and Income, Spring 2011, Vol. 23, no. 1 (75-001-X, free). From the Key resource module of Statistics Canada's website, choose Publications.

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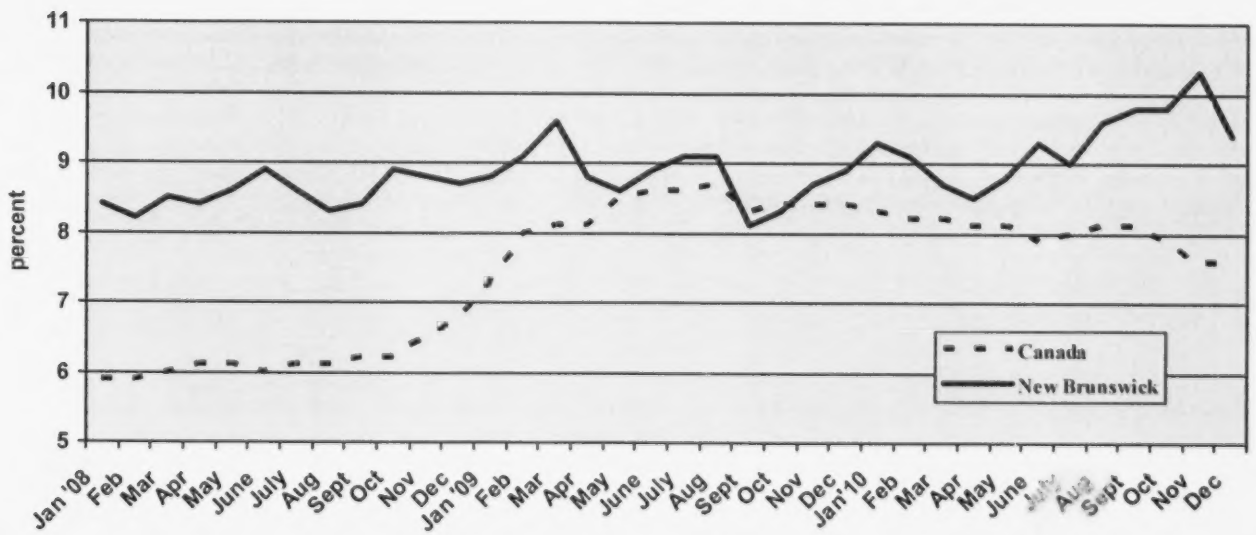
KEY LABOUR FORCE STATISTICS FOR NEW BRUNSWICK (Source: Statistics Canada Labour Force Survey)

New Brunswick	YTD	December '10	November '10	December'09
Labour Force	401,100	**400,500**	403,000	401,200
Employed	363,800	**362,800**	361,700	365,400
Unemployed	37,300	**37,700**	41,400	35,800
Unemployment Rate	9.3%	**9.4%**	10.3%	8.9%
Participation Rate	64.2%	**63.9%**	64.4%	64.4%
Employment Rate	58.2%	**57.9%**	57.8%	58.7%

CANADA COMPARED TO NEW BRUNSWICK

In December, Canada's unemployment rate was 7.6%, unchanged over last month but 0.8 of a percentage point lower than the same time last year. New Brunswick's rate of 9.4% was 0.9 of a percentage point lower than last month but 0.5 of a percentage point higher than the same time last year, when it stood at 8.9%.

UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA



Source: Statistics Canada Labour Force Survey

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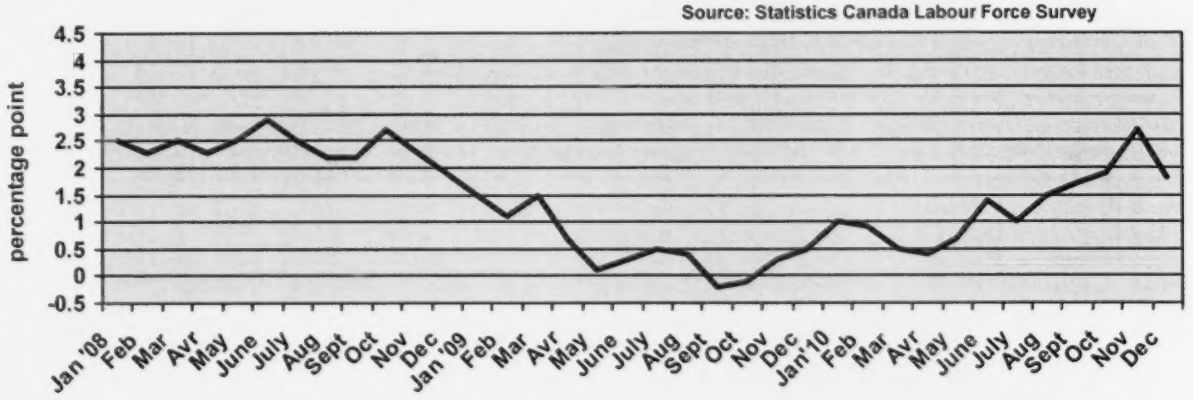
CANADA COMPARED TO NEW BRUNSWICK (continued)

The gap between the national and provincial rates was 1.8 percentage points in December.

DIFFERENCE IN UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA

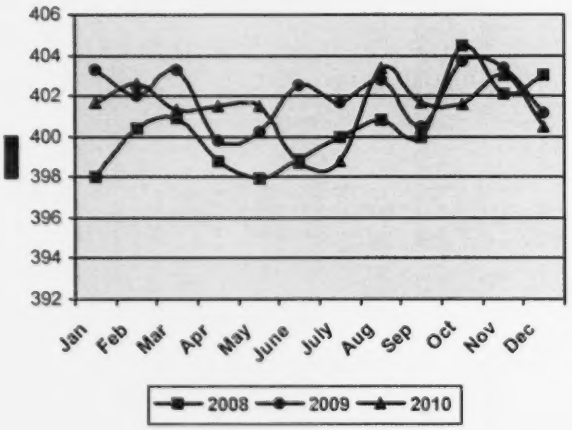
Source: Statistics Canada Labour Force Survey



THE LABOUR FORCE

New Brunswick's labour force stood at 400,500 in December. This was a decrease of 2,500 over last month, and a decrease of 700 over the same time last year.

THE SIZE OF THE LABOUR FORCE



Source: Statistics Canada Labour Force Survey

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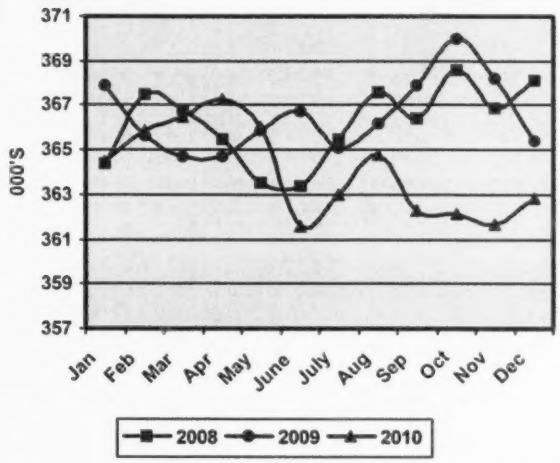
EMPLOYMENT

There were 362,800 people working in December. This was 1,100 more than last month but 2,600 less when compared to the same period last year.

EMPLOYMENT IN NEW BRUNSWICK

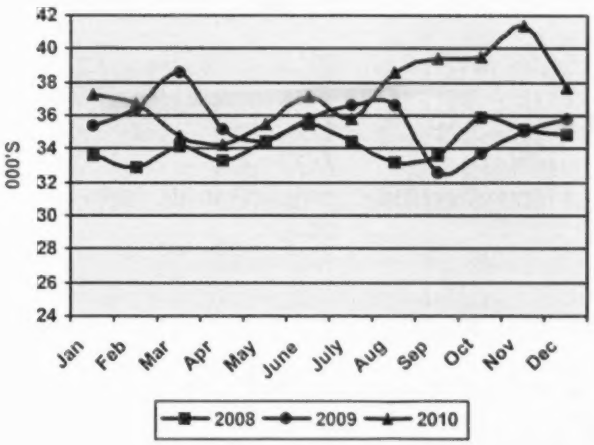


Source: Statistics Canada Labour Force Survey

UNEMPLOYMENT

There were 37,700 people unemployed and seeking work in December. This is 3,700 less people than what was recorded last month but is 1,900 more compared to the same period last year.

UNEMPLOYMENT IN NEW BRUNSWICK



Source Statistics Canada Labour Force Survey

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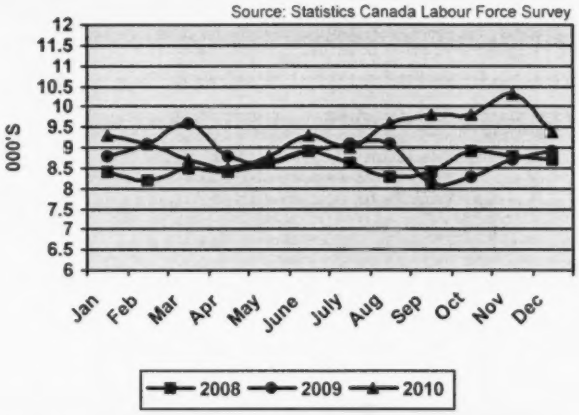
THE UNEMPLOYMENT RATE

New Brunswick's unemployment rate of 9.4% in December was 0.9 of a percentage point lower than last month but was 0.5 of a percentage point higher than the same time last year .

THE ECONOMIC REGIONS

Statistics Canada reports labour force statistics for the economic regions as three month moving averages of actual (not seasonally adjusted) data.

THE UNEMPLOYMENT RATE IN NEW BRUNSWICK



December'10	Economic Regions				
	Northeast	Southeast	Southwest	Central	Northwest
Labour Force	73,500	111,700	94,100	75,200	42,000
Employment	61,000	102,300	89,000	70,500	38,400
Unemployment	12,600	9,400	5,100	4,800	3,600
Unemployment Rate	17.1%	8.4%	5.4%	6.4%	8.6%
Participation Rate	54.7%	65.3%	65.0%	69.8%	61.7%

Economic Regions	YTD		December'10		December'09	
	Emp.	UR	Emp.	UR	Emp.	UR
Northeast	62,100	15.7%	61,000	17.1%	63,600	13.8%
Southeast	105,200	7.3%	102,300	8.4%	105,900	5.5%
Southwest	87,000	8.2%	89,000	5.4%	87,900	6.8%
Central	70,000	6.9%	70,500	6.4%	68,800	6.3%
Northwest	39,800	9.9%	38,400	8.6%	39,700	8.9%

On a year-over-year basis (December 2010 compared to December 2009), employment increased in the Central (+1,700) and Southwest (+1,100) regions while it decreased in the Southeast (-3,600); Northeast (-2,600)and Northwest (-1,300) economic regions.

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THE INDUSTRY REPORT

Overall, total industrial employment decreased by 2,600 jobs between December 2010 and December 2009 (-0.7%).

The goods-producing sector posted a strong increase from December 2009 to December 2010, increasing by 5,200 jobs (+6.3%) to a new record high level at 87,100. However, when you compare all of 2010 to the previous year, the goods-producing sector lost 900 jobs, an annual decrease of 1.1%.

The services-producing sector posted a 2.8% decline between December 2010 and December 2009; overall employment in the sector fell to 275,700.

Employment growth on a year-over-year basis was strongest in the following sectors*:

Forestry, Fishing, Mining, Oil and Gas
- Current employment level (December 2010): **12,600 (up 17.8% or 1,900 jobs)**
- Record employment level (December 1994): **14,500**
- Number of consecutive months with year-over-year growth: **last 3**
- Number of months with year-over-year growth in the last 24 months: **6**
- Important considerations: **Rising commodity prices have been generating increased activity in the mining sector of the province.**

Construction
- Current employment level (December 2010): **29,900 (up 15.0% or 3,900 jobs)**
- Record employment level (June 2010): **31,100**
- Number of consecutive months with year-over-year growth: **last 2**
- Number of months with year-over-year growth in the last 24 months: **22**
- Important considerations: **Over the past year, stimulus measures were still leading to a strong construction sector. As the stimulus funding ends, it may have an adverse affect on this sector.**

Healthcare and Social Assistance
- Current employment level (December 2010): **51,300 (up 4.5% or 2,200 jobs)**
- Record employment level (July 2008): **53,800**
- Number of consecutive months with year-over-year growth: **last 8**
- Number of months with year-over-year growth in the last 24 months: **13**
- Important considerations: **Renewed investments by the provincial government have helped bolster employment in this sector.**

* Includes the top three growth sectors and any sectors that posted a 10% or greater (year-over-year) increase in employment.

Employment growth on a year-over-year basis was weaker in the following sectors*:

Business, Building and other Support Services (includes the call centre industry)
- Current employment level (December 2010): **15,500 (down 19.3% or 3,700 jobs)**
- Record employment level (January 2006): **23,000**
- Number of consecutive months with year-over-year losses: **last 3**
- Number of months with year-over-year losses in the last 24 months: **15**
- Important considerations: **There were a number of substantial closures in the call centre industry in the province in 2010 that may be contributing to the losses posted in this sector.**

Agriculture
- Current employment level (December 2010): **5,600 (down 17.6% or 1,200 jobs)**
- Record employment level (September 1992): **8,800**
- Number of consecutive months with year-over-year losses: **last 7**
- Number of months with year-over-year losses in the last 24

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THE INDUSTRY REPORT—con't

months: **12 (all in the last 13)**

- Important considerations: **This year, McCain's was to cut potato sourcing in the province by 20% to 30%. Weaker U.S. French fry consumption, a high loonie, competition from low-priced European spuds and leftover 2009 crop were all behind the company's move to cut back on contracts with farmers in the province.**

Accommodation and Food Services

- Current employment level (December 2010): **21,000 (down 15.7% or 3,900 jobs)**
- Record employment level (May 2006): **27,200**
- Number of consecutive months with year-over-year losses: **last 7**
- Number of months with year-over-year losses in the last 24 months: **17**
- Important considerations: **While improving economic conditions are triggering a rise in leisure travel demand this winter, the relative strength of the Canadian dollar continues to shift travel toward foreign destinations.**

Information, Culture and Recreation

- Current employment level (December 2010): **10,500 (down 13.9% or 1,700 jobs)**
- Record employment level (September 1999): **15,100**
- Number of consecutive months with year-over-year losses: **1**
- Number of months with year-over-year losses in the last 24 months: **7**
- Important considerations: **This is only the second time in the last 19 months that this sector has reported a decline; therefore it would be premature to worry about the health of this sector.**

** Includes the bottom three growth sectors and all sectors that posted a 10% or greater (year-over-year) decrease in employment

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